



March 2, 2015

Mr. Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Re: Regulatory Capital Rules: Interim Final Rules to Exempt Small Savings and Loan Holding Companies from the Regulatory Capital Rules, Docket No. R-1508 and RIN 7100-AE 29

Dear Mr. Frierson:

The Community Bankers Association of Illinois ("CBAI"), which represents approximately 380 Illinois community banks and thrifts, appreciates the opportunity to provide our observations and recommendations regarding the Federal Reserve Board's ("Board") interim final rule ("Interim Rule") to exempt savings and loan holding companies that have consolidated assets of less than \$500 million and meet other requirements from the Board's regulatory minimum capital requirements; removing the reporting requirements that qualifying savings and loan holding companies complete schedule SC-R, Part 1, of form FR Y-9SP; and a request for comments on raising the threshold ("Proposed Revision") for determining the applicability of the Board's Small Bank Holding Company Policy Statement ("Policy Statement") to include savings and loan holding companies that have consolidated assets of less than \$1 billion.

The Community Bankers Association of Illinois (CBAI) is dedicated to exclusively representing the interests of Illinois' community banks (and many Illinois thrifts) through effective advocacy, outstanding education and high quality products and services. CBAI's 380 members hold over \$72 billion in assets, operate in 860 locations statewide and lend to consumers, small businesses and the agricultural community. For more information please visit www.cbai.com

The Dodd-Frank Act transferred supervision and regulatory responsibility for savings and loan holding companies to the Board from the OTS. The Dodd-Frank exempted bank holding companies that were subject to the Board's Policy Statement from minimum regulatory capital requirements, but there was no corresponding exemption for small savings and loan holding companies. In 2014, Congress passed and the President signed into law H.R. 3329 ("the Act") which exempts small savings and loan holding companies from the minimum capital requirements. The Board moved expeditiously to implement the Act with the Interim Rule believing it was consistent with Congressional intent, and also reduced regulatory burden by removing certain reporting requirements - as the Interim Rule would not require eligible savings and loan holding companies to report capital component information on form FR Y-9SP. Concurrent with the Interim Rule the Board seeks comments regarding the Proposed Revision to the Policy Statement that seek to expand the consolidated asset threshold to \$1 billion for bank holding companies and savings and loan holding companies.

CBAI appreciates the Board's recognition that these small holding companies have less access to equity financing than larger ones. CBAI has consistently advocated for an increase in the Policy Statement consolidated asset threshold. We specifically included this recommendation in our Federal Policy Priorities and supported a threshold increase in the Act. While our recommendation was for the asset threshold to increase to \$5 billion, the current proposed increase to \$1 billion will include 600 more bank and savings and loan holding companies under the Policy Statement, and is a significant step in the right direction to make it easier for these holding companies to issue debt or equity and reduce their regulatory reporting burden. We continue, however, to advocate for a higher asset threshold in Congress and with banking regulators.

In conclusion, CBAI supports the expeditious implementation of the Interim Rule including eliminating unnecessary reporting requirements, and supports the Proposed Revision of the Policy Statement to expand the consolidated asset threshold to \$1 billion for bank holding companies and savings and loan holding companies.

If you have any questions or require any additional information, please contact me at 1-847-909-8341 or at davids@cba.com.

Sincerely,

/s/

David G. Schroeder
Vice President Federal Governmental Relations